SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author:	La Suer	Analyst: Raul Guzman	Bill Number: AB 2245
Related Bills: See Prior Analysis	Telephone: 845-4624	Amended Date: May 10, 2006	
	Attorney: Patrick Kusiak	Sponsor:	

SUBJECT: Qualified Disabled Veterans Credit

_____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

_____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

_____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

_____ FURTHER AMENDMENTS NECESSARY.

_____ DEPARTMENT POSITION CHANGED TO _____.

_____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

__X__ OTHER – See comments below.

SUMMARY

This bill would allow a tax credit for disabled veterans.

SUMMARY OF AMENDMENTS

The May 10, 2006, amendments amended the "qualified disabled veteran" definition, extended the honorable discharge date to 2016, and limited the carryover of unused credits to ten years.

As a result of the May 10, 2006, amendments, the "This Bill" portion of the analysis and "Implementation Consideration" as amended May 2, 2006, have been revised. The remainder of the analysis of the bill as amended May 2, 2006, still applies.

THIS BILL

This bill would allow qualified disabled veteran taxpayers a $100 credit. The credit would be allowed for each taxable year beginning on or after January 1, 2006, and before January 1, 2016.

Board Position:			Legislative Director	Date
_____ S	_____ NA	_____ NP		
_____ SA	_____ O	_____ NAR	Brian Putler	05/17/06
_____ N	_____ OUA	__X__ PENDING		

This bill would define a "qualified disabled veteran" as an individual that meets all the following requirements:

- Disability rating of 30% or more disabled, as determined by the Department of Veteran's Affairs, during an armed conflict in support of the Global War on Terrorism on or after September 11, 2001, as a member of the Armed Forces, including the California National Guard.
- Honorably discharged from the Armed Forces, including the California National Guard, between the years 2001 and 2016.
- California resident.

This bill would require that taxpayers maintain documentation that verifies eligibility for the credit.

This bill specifies that unused credits may be carried over for ten years if necessary, until the credit is exhausted.

IMPLEMENTATION CONSIDERATIONS

The department identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

This bill's definition of a "qualified disabled veteran" would require that the taxpayer be at least 30% disabled. Disability determination for members of the armed forces and veterans can be made by the Department of Veterans Affairs (DVA). DVA disability determinations and the percentages of disability can and do vary by taxable year.

This bill would allow the department to determine eligibility for the credit on the basis of a disability determination by the DVA with respect to each taxable year. If that is inconsistent with the author's intent, the language needs to be revised to clarify the author's intent.

This bill would consider a "qualified disabled veteran" as someone who was disabled during an armed conflict in support of the Global War on Terrorism. The bill does not refer to federal law or other rules to determine what constitutes an armed conflict in support of the Global War on Terrorism and fails to define the term.

This bill fails to require that the disability be incurred as a result of an armed conflict in support of the Global War on Terrorism. Consequently, a veteran would be eligible for the credit so long as it was incurred during the same time frame of an "armed conflict in support of the Global War on Terrorism."

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